

Message Text

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PAGE 01 PORT M 01316 170608Z
ACTION EA-12

INFO OCT-01 ISO-00 EB-08 OES-09 /030 W
-----112671 180403Z /73
R 170415Z AUG 78
FM AMEMBASSY PORT MORESBY
TO SECSTATE WASHDC 3583
INFO USDOC WASHDC

UNCLAS PORT MORESBY 1316

COMMERCE FOR MEPD

E.O. 11652: N/A
TAGS: BENC, PP
SUBJECT: MAJOR PROJECT - SEPIK/ILAM HYDROELECTRIC
SCHEME

REF: A) STATE 204586 B) PORT MORESBY 1139 C) STATE 195225

1. IN REPLY TO QUESTIONS IN REFTEL A) PROJECT HAS BEEN UNDER CONSIDERATION FOR APPROXIMATELY 18 MONTHS, THOUGH SITE SELECTION WAS ONLY COMPLETED TWO TO THREE MONTHS AGO. B) THE SITE SELECTION STUDY WAS CONDUCTED BY NORCONSULT A NORWEGIAN FIRM. NORCONSULT ALSO RECENTLY WON THE FINAL DESIGN CONTRACT FOR THE ROUNA 4 HYDROELECTRIC SCHEME NEAR PORT MORESBY. OTHER FIRMS THAT HAVE LOOKED AT THE PROJECT INCLUDE BECHTEL AND SNOWY MOUNTAIN. C) THE OK TEDI COPPER CONSORTIUM IS HEADED AND MANAGED BY BROKEN HILL PTY. LTD., AN AUSTRALIAN FIRM, AND INCLUDES THE AMERICAN FIRM, AMACO, AND A GERMAN GROUP. D) THE PROJECT WILL CONSIST OF TWO STAGES, THE FIRST WILL SUPPLY POWER TO THE OK TEDI MINE SITE, THE SECOND WILL SUPPLY POWER TO THE FRIEDA RIVER COPPER SITE SHOULD IT EVENTUATE. FRIEDA RIVER IS AT THE MOMENT A PARTNERSHIP BETWEEN MT. ISA MINES, AN AUSTRALIAN FIRM, AND A JAPANESE CONSORTIUM.

2. IT IS THE EMBASSY'S UNDERSTANDING THAT THE HYDRO-
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ELECTRIC SCHEME WILL BE OWNED BY THE GOVERNMENT AND SELL ITS POWER TO THE COPPER MINES. WHILE THE EMBASSY UNDERSTANDS THAT THERE WILL BE CONSIDERABLE COMPETITION FOR THIS CONTRACT, U.S. FIRMS SHOULD BE ENCOURAGED TO COMPETE SINCE THE EXPERIENCE AND THE INCREASED KNOWLEDGE OF PAPUA NEW GUINEA GAINED SHOULD HELP THEM GREATLY IN BIDDING FOR OTHER CONTRACTS EXPECTED TO DEVELOP IN THE NEXT 1-3

YEARS. THESE CONTRACTS - STUDIES AND CONSTRUCTION - WILL BE WORTH ROUGHLY 250 MILLION U.S. DOLLARS.

3. THE EMBASSY WILL UPDATE THE INFO ON THESE OTHER PROJECTS SHORTLY BUT IN THE MEANTIME HAS RECEIVED INFO ON AN ADDITIONAL PROJECT SIMILAR TO SEPIK/ILAM FEASIBILITY STUDY. THIS SECOND PROJECT - THE LALAU SCHEME - WILL INVOLVE BOTH PRE-FEASIBILITY AND FEASIBILITY STUDIES FOR A CASCADE TYPE HYDRO-ELECTRIC SCHEME TO SUPPLY POWER TO THE BOUGAINVILLE COPPER MINE (OWNED BY CONSINC-RIO-TINTO) ON BOUGAINVILLE ISLAND. IT WOULD REPLACE THE DIESAL PLANT NOW IN USE. ESTIMATED COST OF FINAL PROJECT IS \$80 MILLION. SNOWY MOUNTAIN HAS ALREADY DONE ONE PREFEASIBILITY STUDY OF THE PROJECT BUT THAT HAS BEEN REJECTED.

4. EMBASSY WILL RESEARCH THE PROJECT FURTHER BUT IN THE MEANTIME INTERESTED FIRMS MAY CONTACT: MR. ALEX MCKINLEY, CHIEF GEOLOGIST, OFFICE OF MINERALS AND MINES, P.O. BOX 2352, KONE DOBU, PAPUA NEW GUINEA.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 17 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PORTM01316
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780337-0585
Format: TEL
From: PORT MORESBY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780853/aaaabsmn.tel
Line Count: 82
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3aa3fc61-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 204586, 78 PORT MORESBY 1139, 78 STATE 195225
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1709463
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECT - SEPIK/ILAM HYDROELECTRIC SCHEME
TAGS: BENC, PP
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/3aa3fc61-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014